

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	7725	Agenda Number	44.
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Meeting Date:	7/28/2011	Department:	Planning and Development Review
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Subject

Approve a resolution authorizing the issuance by Northtown Municipal Utility District (“District”) of Unlimited Tax and Revenue Bonds, Series 2011, in an amount not to exceed \$5,150,000; and approving a substantial draft of the District’s Bond Resolution and the Preliminary Official Statement.

Amount and Source of Funding

No fiscal impact to the City. The City has no responsibility for payment on District bonds unless the District is annexed by the City.

Fiscal Note

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Purchasing Language:	
Prior Council Action:	
For More Information:	Virginia Collier 974-2022; Sylvia Arzola 974-6448
Boards and Commission Action:	Recommended by Water & Wastewater Commission.
MBE / WBE:	
Related Items:	

Additional Backup Information

The Northtown Municipal Utility District (“District”) was created on August 14, 1985, by an Order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (“TCEQ”). The District contains approximately 1,224 acres and is located approximately 15 miles northeast of downtown Austin entirely within the City of Austin’s Extraterritorial Jurisdiction (“ETJ”). It is generally bounded by the IH 35 to the west and Howard Lane to its south and abuts portions of Dessau Road along its eastern boundary.

The District receives City wholesale water and wastewater service.

The City has received a request from the District to approve a District bond sale in the amount of \$5,150,000. The total amount of bonds authorized for the District is \$69,443,000. The District has previously issued the following bonds: Series 1994, \$1,000,000; Series 1997, \$995,000; Series 2001, \$2,100,000; Series 2002, \$3,510,000; Series 2003, \$3,770,000; Series 2006, \$4,500,000; Series 2007, \$6,005,000; and Series 2009, \$7,560,000. The total amount of District bonds sold to date is \$16,240,000, of which \$7,190,000 is currently outstanding. After the proposed bond issue, \$34,853,000 in District bond authority will remain.

The proceeds from the proposed bond issue will fund the district's share of the following projects: (i) water, wastewater and drainage facilities to serve The Lakes at Tech Ridge; (ii) water, wastewater and drainage facilities to serve The Lakes at Northtown, Sections 1, 2 and 3; and (iii) the District's low flow lift station improvement project. In addition, proceeds from the bonds will be used to: (1) capitalize approximately twenty four months' interest requirements on the bonds, (2) pay developer interest and (3) pay certain costs associated with the issuance of the bonds.

The TCEQ order dated March 31, 2011 and approving this bond issue states that the maximum net effective interest rate for this issuance should not exceed 6.25%. The proposed combined maintenance and debt service tax rate after issuance of the bonds is \$0.75 per \$100 of assessed value. The District bonds are the sole obligation of the District until the City annexes the District. This District is not included in the City's annexation plan at this time.

The consent agreement for the District requires City approval for all bond sales. City departmental staff from the Austin Water Utility, Parks and Recreation, Emergency Medical Services, Library, Planning and Development Review, Neighborhood Housing, Finance-Treasury, Watershed Protection, Fire, and Law reviewed the District's consent agreements and found no current compliance deficiencies. City staff recommends approval of the issuance of \$5,150,000 in District Unlimited Tax and Revenue Bonds, Series 2011, contingent upon review and approval of the final bond offering documents by the City's Chief Financial Officer's designee.